



# **Rochester, Minnesota Market-Based Downtown Plan**

## **Part III: Recommendations for Moving Forward**

August, 2004  
Final Draft

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## I. Implementation Gameplan (final draft 8/05/04)

The preceding sections of the Market-Based Downtown Plan provide a comprehensive competitive analysis (Part I) and niche and development strategies (Part II). The resulting recommended niche strategy is ***“Downtown Rochester should position itself as a unique, vibrant urban experience – a central gathering place for the community that is attractive, inviting, fun and livable”***.

To fulfill the niche strategy, four different downtown development districts were identified, including:

- **Mayo Medical District:** A world health services destination that generates more than 25,000 downtown jobs and one million hotel visitation nights, the Mayo Clinic campus is governed by its own land use and development plan.
- **Downtown Core District:** The traditional center of Rochester business and commerce, the Downtown Core provides support infrastructure (i.e. hotels, professional services, restaurants) for both the Mayo Clinic and the Civic Center.
- **Civic/Cultural District:** Hosting government offices, the library and venues that offer a variety of concerts, festivals and the farmer’s market, the Civic/Cultural District provides much of the existing “vibrancy” to downtown.
- **Urban Village District:** The one area of downtown identified as having the potential to fit the “fun and livable” qualities of the niche strategy, the Urban Village District is envisioned as a mixed-use neighborhood targeted to young professionals and empty nesters looking for a more walkable, urban lifestyle.

**The Overall Implementation Gameplan:** Part III, which follows, outlines the tools and strategies to guide downtown development over the next five to ten years.

The overall implementation strategy is to create a physical and investment environment to strengthen downtown as a central gathering place for Rochester. We are suggesting that all institutions and agencies involved in downtown improvement efforts join in a concerted community effort to beautify the physical environment, activate new special events, improve marketing efforts and attract new businesses. Within the next five years the implementation gameplan is designed to:

- Create six to eight new restaurants and/or entertainment venues;
- Stabilize the Galleria and attract several new unique retail stores;
- Encourage the development of hundreds of new housing units;
- Retain downtown’s primary employers and the recruit at least one new major primary employer (more than 25 jobs) each year;
- Strengthen and support the growth of downtown’s existing anchors – the Mayo Clinic and the Civic/Cultural Center.

## **II. Suggested Roles and Responsibilities for Downtown Improvement Organizations**

To carry out the Market-Based Downtown Plan, an interdependent “three-legged stool” of entities is required to collaborate on downtown improvements – a new management and marketing organization to coalesce the collective resources and energy of downtown’s private sector, the City of Rochester and Mayo Clinic. The following roles and responsibilities are envisioned:

### **Downtown Rochester Alliance/ Downtown Business Improvement District**

To organize and unify downtown’s private property owners and businesses, we recommend the creation of a new downtown management organization – a private/public partnership that is charged with marketing and championing downtown. Similar to downtown management organizations in comparable cities, the new organization would be primarily funded by proceeds from a business improvement district (or “Special Services District” per Minnesota state law). The SSD would create a tax assessment on commercial properties within the downtown. Proceeds from this assessment would be governed by property and business owners that oversee the downtown organization to support the following activities:

- Destination marketing;
- Economic development and housing marketing;
- Special events and festivals;
- Arts marketing and public art;
- Advocacy.

We propose that the Rochester Area Chamber of Commerce take the lead in creating the new downtown management organization, which will have its own independent board and staff, but will take advantage of administrative efficiencies by working closely with the Chamber, the Convention & Visitor’s Bureau and RAEDI. A detailed blueprint for the proposed Downtown Rochester Alliance is provided within the following recommendations.

### **City of Rochester**

The City of Rochester has traditionally supported downtown improvement efforts as part of the community’s overall economic development and quality of life enhancement goals. In the past, the City has primarily aided in downtown improvement efforts through public financing available through tax increment financing. Moving forward to finance the infrastructure and other physical improvements contained in this plan and to leverage new private investment, we recommend the creation of a tax abatement district for downtown Rochester. We see a dual role for the City of Rochester in helping to create a downtown that is “attractive, inviting, fun and livable”:

- First, we recommend a continuation of the City’s supportive policies for a strong downtown. A vibrant downtown will help the entire Rochester region better

compete for new jobs and industries, creating a destination for culture, dining, entertainment, shopping and living that distinguishes the city.

We see the City's primary role as strengthening downtown's infrastructure – both the physical environment and the business climate that helps to attract new enterprises. Suggested improvements include creating new public spaces and connections, including a “town square” on 1<sup>st</sup> Street SW and an Avenue of the Arts in the Civic/Cultural District, a new downtown signage and wayfinding system, regulatory changes to guide new mixed-use development in the Urban Village and incentives to help create desirable types of investment, particularly housing.

- Second, the City has a role and an obligation as one of downtown's primary activity anchors. The civic/cultural district provides an effective channel to promote downtown to a variety of loyal user groups, including patrons of the public library and government offices. As with any anchor activity, a recommitment to continue to centralize and grow city/county/state operations in downtown is important.

Finally, as a major downtown property owner and employer, the City will benefit from the services provided by the new downtown management organization and the proposed SSD. Following the pattern from similar mid-west cities, we recommend that the City financially contribute to the annual operations of the proposed SSD.

## **Mayo Clinic**

As southeastern Minnesota's economic engine, the Mayo Clinic provides the employment and visitor base to fuel a healthy downtown Rochester. If downtown can become more “attractive, inviting, fun and livable” the Clinic will benefit from the creation of a more satisfying environment for employees and visitors. This should aid employee retention and recruitment efforts, plus provide a marketing advantage to encourage visitation from patients and other visitors.

We recommend that the Mayo Clinic support the implementation of the Market-Based Downtown Plan in the following ways:

- Provide both expertise and financial support for the proposed downtown management organization and SSD.
- For Mayo properties that are outside of the formal medical campus, we anticipate that the Clinic will be a full partner in the effort to plan and implement improvements, ranging from activating ground floor spaces along key streets to planning special events to coordinating downtown-wide parking management and transit strategies.

### III. Recommendations for Moving Forward

A variety of tools are recommended to be utilized by the preceding agencies to help steer development in downtown Rochester. These tools are clustered in the following categories:

- Downtown Environment
- Economic Development
- Public Financing and Regulatory Climate
- Parking Management
- Marketing and Management

Recommended program priorities, responsible agencies, estimated costs and a sequencing timetable are provided in the final section on pages xx to xx.

#### **Downtown Environment**

Environmental improvements are recommended to make downtown more attractive, pedestrian-friendly and easier to use.

**DE1. Sub-District Focal Points:** Within each sub-district, key “focal points” are proposed to provide visual identities for each district and create memorable public spaces and landmarks for downtown. Recommended focal points include:

- **Downtown Core:** A “Rochester Town Square” concept is proposed for the one block of 1<sup>st</sup> Street SW between 1<sup>st</sup> and 2<sup>nd</sup> Avenues. Connected to and coupled with the existing Peace Plaza, this civic space would activate the street level in all seasons. Framed by the Mayo Clinic Gonda Building to the west and the Galleria to the east, this space embodies a strong sense of place and is perhaps the most urban spot in Rochester. In the winter, the space could feature an urban ice rink, sidewalk vendors and events such as lighting the community Christmas tree or a winter festival. In the summer, outdoor restaurant seating would be encouraged and a small stage could accommodate acoustic music. The “Town Square” becomes a central gathering spot, a connection between the Mayo Clinic and the Downtown Core, and a postcard for Rochester.
- **Civic/Cultural District:** A district focal point is proposed for the front of the Mayo Civic Center at the convergence of 2<sup>nd</sup> Street, 3<sup>rd</sup> Avenue and Civic Center Drive. A large sculpture or other art installation is suggested to provide a visual identity to the district and the proposed “Avenue of the Arts” along 3<sup>rd</sup> Avenue and Civic Center Drive. This spot is also visible along 2<sup>nd</sup> Street, providing a visual connection from the Mayo Medical District to the Civic/Cultural District. The western wall of the Civic Center provides space for giant banners to promote the arts and reinforce the overall sense of place within the district.
- **Urban Village District:** The terminus of 1<sup>st</sup> Avenue at Soldier’s Field Memorial Park is identified as a focal point for the Urban Village District. Similar to the

Civic/Cultural District, we suggest a large public art installation or perhaps a water feature to provide a visual connection southward along 1<sup>st</sup> Avenue to the park.

**DE2. Pedestrian Corridors:** To complement the well developed skywalk and tunnel system, we recommend that select streets be identified for safe street-level pedestrian connections through downtown. While Rochester's winter climate can be severe, much of the remainder of the year is suitable for street level activity. Primary corridors identified for street level connections are:

- **1st Avenue** running from Central Park at the north end to Soldier's Field Memorial Park at the south;
- **2<sup>nd</sup> Street** as an east west corridor, connecting the Mayo Medical District in the west through the Downtown Core to the Civic/Cultural District in the east, terminating at the convergence of 3<sup>rd</sup> Avenue and Civic Center Drive.
- **3<sup>rd</sup> and 6<sup>th</sup> Streets** are shorter east/west segments connecting the Urban Village District to the Zumbro River trail system and the Civic/Cultural District.

For each of these corridors, we recommend street level treatment guidelines and modest streetscape improvements, including:

- Encouraging street level properties to provide "transparency" with retail storefronts, window displays and/or clear glass that expose the interior of buildings.
- Banners, pedestrian directories, kiosks and other street furniture to make the streetscapes more inviting.

**DE 3. Broadway Street Crossings:** Broadway needs new and/or more visible pedestrian crossings at key intersections. A state highway, Broadway creates a formidable north/south barrier in downtown. Complaints about aggressive driving and the difficulty of crossing turning lanes are valid. We suggest stronger pedestrian treatments at several Broadway crossings:

- At 2<sup>nd</sup> Street, pedestrian time signals should be lengthened and signs prohibiting right-on-red when pedestrians are present posted.
- At 3<sup>rd</sup> Street, we recommend a new crosswalk light and/or new flashing technology to create a formal pedestrian crossing. Flashing yellow lights could be motion activated by pedestrians or cyclists. 3<sup>rd</sup> Street is a key connection between the existing active portion of the Urban Village District and the Zumbro River trail system or Civic/Cultural District.

**DE4. Wayfinding/Directional Sign System:** With the exception of the Mayo Clinic campus, wayfinding signs to and within downtown are virtually non-existent. Signs to major attractions are limited and inconsistent in design. There are few signs for the downtown visitor, ranging from pedestrian directories to directional signs to parking lots. We recommend that the City of Rochester invest in a comprehensive wayfinding and directional signage system, including:

- Highway off ramps
- Wayfinding along major access roads
- Gateways at entries to downtown

- Directional signs to major attractions (i.e. civic center, library, Mayo)
- Directional signs to public parking structures and lots
- Pedestrian directories and kiosks

The signage system should be designed to embody downtown's niche, complement Mayo's existing signage and project images consistent with downtown marketing materials.

**DE 5. Encourage Employees to Stay Downtown:** More than 30,000 employees in the downtown area present a strong market opportunity for dining, entertainment and shopping. To capture a larger share of this market, downtown needs to employ a multi-faceted strategy that includes programming more special events, attracting more interesting shops and restaurants and creating more dependable retail operating hours that flex around employee schedules.

Another key element is public transportation. Currently, most bus routes out of downtown either cease operation or have reduced frequency after 5:30 p.m. We recommend that the transit agency investigate extending hours on some evening routes, perhaps beginning with one night a week that is also coordinated with downtown retail and entertainment programming. Increased use of transit will also reduce pressure on the downtown parking system.

**DE 6. Avenue of the Arts:** We suggest that 3<sup>rd</sup> Avenue and Civic Center Drive become a formal "Avenue of the Arts" as they run through the Civic/Cultural District. The "Avenue of the Arts" would provide a central spine and identity for the Civic/Cultural District. Treatment options along the Avenue of the Arts include:

- Banners promoting shows or events;
- Giant banners on the western face of the Taylor Arena;
- Public art along the corridor;
- Creation of an active use such as a coffee shop in the entry of the Library;
- Lighting, oversized banners and/or other exterior decoration on the skyways over 2<sup>nd</sup> Street and Civic Center Drive within the Civic/Cultural District.

**DE 7. Public Art:** Public art can be an effective and relatively inexpensive way to make the downtown business district more distinctive. We support the design and installation of public art throughout downtown, with a particular focus on the pedestrian connections streets (i.e. 1<sup>st</sup> Avenue, 2<sup>nd</sup>, 3<sup>rd</sup> and 6<sup>th</sup> Streets) and the Avenue of the Arts. Model public art programs sponsored by downtown management organizations in Colorado Springs and Grand Junction, Colorado, have resulted in the permanent installation of dozens of sculptures in those communities.

**DE 8. Skywalk Completion and Enhancements:** We support continuation of the downtown skywalk system within the Downtown Core and Civic/Cultural Districts. The priority crossing is a skyway connection from the Broadway Plaza block to Galleria block, thereby creating a looped system in the heart of the central business district. Other connections in the Core and Civic/Cultural districts will be driven by specific redevelopment projects.

Interior embellishments of the skyways include integrating skyway signage with a downtown-wide wayfinding signage program and covering blank walls with murals or art, perhaps from local schools.

To promote street level pedestrian activity and to preserve neighborhood ambiance, we strongly recommend against extending the skyway system into the Urban Village District.

**DE 9. Neighborhood Connections:** Downtown is fortunate to be surrounded by distinctive and well organized neighborhoods. Adjacent neighborhoods account for more than 26,000 residents, a strong market opportunity for downtown. Downtown is surrounded by several “hard boundaries” that create a clear distinction between the central business district and neighborhoods, including the Zumbro River to the east, Civic Center Drive to the north and the Mayo Clinic to the west. In the context of the downtown environment, we recommend that transition areas be sensitive to the scale and integrity of adjacent neighborhoods, and wherever possible, precise boundaries be developed to prevent downtown from “chipping away” at the fabric of established residential areas.

## **Economic Development**

Economic development initiatives are intended to create an environment to attract new investment, businesses and jobs to the downtown area. A downtown-focused economic development effort will differ from existing regional programs by attracting a variety of entrepreneurial use types – including restaurants, retail, entertainment, office tenants and housing development – to specific sites. A downtown economic development approach is stakeholder intensive, working directly with individual property owners, real estate brokers, lenders, city officials and others involved in the downtown real estate delivery system. It will also assist individual entrepreneurs – small business owners and boutique housing developers – to properly enter and succeed in the downtown market.

**Preferred Use Matrix for Downtown:** As discussed in the Downtown Development District section of the Market-Based Downtown Plan, different use types are envisioned for the suggested sub-districts. The table below summarizes the use distinctions for the Downtown Core and Urban Village, the two districts that are envisioned to support most new business and real estate development.

<b>Use Type</b>	<b>Downtown Core</b>	<b>Urban Village</b>
<b>Retail</b>	Traditional retail, including apparel, gifts and home furnishings	Specialty retail and neighborhood services, including corner grocery
<b>Restaurants</b>	Traditional and family dining	Contemporary and ethnic dining
<b>Hotels</b>	Large full service and extended stay	Boutique and bed & breakfast
<b>Office</b>	Primary employers, corporate, finance, legal and accounting	Small businesses, creative vocations such as architecture, marketing
<b>Housing</b>	Mid to high rise apartments and condominiums; Elderly and income assisted	Two to five story apartments and condominiums; Live/work; Affordable to upper price points
<b>Other</b>	Medical and biotechnology related businesses; Visitor services	Entertainment venues, including live music, comedy, theater



**ED 1. Housing Marketing Initiatives:** Additional housing is recommended for downtown, including the introduction of new two to five story condominiums and apartments in the Urban Village District. Many cities, including the Twin Cities, are experiencing this type of development in their downtowns. To develop this product type in Rochester, downtown will need to promote the market opportunity for housing to local, regional and national development interests. We propose that the new downtown management organization and the City of Rochester join in a housing marketing initiative that would:

- Package and disseminate market information;
- In cooperation with property owners, identify prime sites for housing development;
- Identify private and public financing sources;
- Assist developers through local development review processes;
- Seek developers from other markets with center city housing expertise;
- Provide incentives, as needed, to make the development of housing in the Urban Village District economically feasible;
- In cooperation with adjacent neighborhoods, market the center city living experience, including schools, culture and recreation amenities.

**ED 2. Galleria Revitalization Strategy:** Perhaps the most important immediate private sector investment challenge is the revitalization of the Galleria Mall. The Mall ownership is currently in litigation and it is expected that the legal process will continue into 2005, limiting short term investment and tenancing. Meanwhile, the property has many visible vacancies and is struggling to remain vital.

Despite the problems, there are several bright spots in the Mall. Counterpoint, a local independent home furnishings store, has dramatically expanded and now occupies stores on two levels. Counterpoint is a prototype of unique and upscale local independent retail that can thrive and complement downtown's niche in Rochester's relatively bland retail marketplace. In addition, the food court continues to attract downtown employees and visitors.

Once its ownership status is resolved we suggest that retail and restaurant uses within the Galleria be consolidated within the street and skywalk levels. Less active uses, including offices, professional and personal services, might be suitable for the remaining levels of the property. Given the failure of the previous movie operation, the number of new first run movie screens in the Rochester market and availability of in-room movies in hotels, it is unlikely that a first run movie theater will be attracted back to the Galleria. However, other use options for this space include educational classrooms, community theater, an independent film operation or, perhaps, conversion of the space to offices or another alternative use.

**ED 3. Mayo Clinic Joint Development Opportunities:** There are two key sites located off of the Mayo Clinic campus that offer the potential for joint development with a private developer and/or the City of Rochester:

- **1<sup>st</sup> Avenue SW Site:** Located on the western side of 1<sup>st</sup> Avenue between 2<sup>nd</sup> and 3<sup>rd</sup> Streets, the existing empty lot has been discussed as a future parking structure. This

site is critically located on the gateway entry block into the Urban Village district. Unlike other blocks south of 3<sup>rd</sup> Street, this site does not have strong residential potential since it is located adjacent to an existing Mayo power plant; however, this site could be designed with active commercial space on the ground floor. We also suggest that the historic buildings and/or facades at the south end of this block be preserved and incorporated into any future redevelopment plan.

- **Former Fullerton Lumberyard Site:** The expansive lumberyard site across the Zumbro River and east of the Urban Village District also provides a joint development opportunity. It is currently used for Mayo employee parking and warehousing. Mayo's five year plan identifies a parking structure to accommodate several thousand vehicles on the site. Joint development options include housing, particularly along the river, and commercial uses that could serve Mayo commuters, including child care and automobile maintenance and repair.

**ED 4. Business Support Initiative:** The downtown niche strategy relies on attracting a variety of unique, locally owned businesses, including specialty retail, restaurants and entertainment. These types of businesses pose significant start-up and credit risks, often making them problematic to lenders, property owners and city officials. To assist entrepreneurs to locate downtown, we suggest that a function of the new downtown management organization will be to coordinate its efforts with the Chamber and RAEDI to provide an array of business support services, including:

- Research and dissemination of market information;
- Coordination with property owners and real estate brokers to locate suitable spaces;
- Resource and referral services to assist with developing business plans;
- Coordination with banks and non-conventional lenders to identify financing;
- Trouble-shooting to navigate businesses through local development review processes;
- Counseling on merchandising;
- Coordination of cross-marketing with other businesses and downtown destinations.

The business support initiative can also work to recruit new businesses to downtown. We suggest that this function focus on expansion and spin-offs from existing successful businesses in the Rochester area and the "incubation" of new business concepts.

## **Public Finance and Regulatory Climate**

To attract new investment to the Downtown, we suggest that the City of Rochester deploy an array of existing public financing tools and create a downtown regulatory climate that is consistent and efficient.

**PF 1. Create a Downtown Tax Abatement District:** Similar to other communities in Minnesota and throughout the nation, Rochester has aggressively utilized tax increment financing (TIF) to encourage downtown investment. TIF allows for property and infrastructure improvements to be paid partially from future tax revenues resulting from the increased value created by new development. Established in 1979, the existing downtown TIF district will terminate this year. While new downtown TIF districts can be created on a project-by-project basis,

legislative amendments have made it more difficult to do so. In addition, both the amount of increment available and the flexibility in the use of the funds is much more restricted now.

Tax abatements are a similar mechanism that allows project tax revenues to be invested in downtown improvements. With the imminent demise of the existing downtown TIF district, we recommend the immediate creation of a tax abatement district with boundaries approximating those of the existing TIF district.

To the extent that these incentives remain available in downtown, we suggest that they be focused on the following project priorities:

- Improvements to the public realm, including the proposed district focal points, streetscape improvements and public parking.
- Downtown housing, particularly in the Urban Village District.
- Mixed-use development projects that preserve historic buildings, create active ground floor spaces in key pedestrian corridors and/or housing.

In addition to TIF and abatements, there are several additional incentives that could be explored to leverage investment in downtown:

- Housing revenue bonds issued by the city;
- Federal tax credits for historic preservation and/or low income housing;
- Federal community development block grants (CDBG) and/or Section 108 financing that allows a municipality to borrow against future CDBG entitlements.

**PF 2. Special Services District (SSD):** The preceding financial tools are helpful to create bricks and mortar improvements to downtown – new infrastructure and/or building projects. Like any asset, a healthy downtown must also be properly marketed and managed. The best mechanism for downtown management is a business improvement district, or, as provided in Minnesota statutes, a Special Services District (SSD). The SSD creates a special assessment that is levied on commercial properties in a downtown. These funds are then allocated to downtown improvements, including safety, maintenance, marketing, economic development, parking management, special events and other activities. SSD budgets, assessment rates and programs are accountable to a board of property and business owners that govern the district.

More than 1,000 SSDs exist in downtown markets throughout North America. We have researched downtown SSDs in comparable mid-west markets, including:

- Cedar Rapids, IA
- Des Moines, IA
- Duluth, MN
- Fargo, ND
- Green Bay, WI
- Lincoln, NE

Results from this comparative analysis are provided in an attached summary matrix.

We propose that a downtown SSD be formed as the financial cornerstone to support a new self-sustaining downtown management organization.

**PF 3. Urban Village Zoning Overlay:** In the Urban Village District, a new product type (mixed-use housing) is proposed that may not be fully compatible with existing zoning and land use regulations. Currently, two zoning districts bisect the proposed Urban Village:

- CBD zoning applies to properties north of 4<sup>th</sup> Street. This area allows for high density development (up to 6.0 FAR) and no off-street parking due to its inclusion in the municipal parking system.
- FR zoning applies south of 4<sup>th</sup> Street. The allowable density is lower (up to 4.0 FAR) and a variety of commercial and residential off-street parking ratios apply.

We suggest that a zoning overlay be created for the Urban Village District to accommodate the type of mixed-use development envisioned by the Market-Based Plan. This overlay would include:

- Design guidelines to guide heights, massing and building materials. Guidelines should be sensitive to differences between 1<sup>st</sup> Avenue SW and Broadway corridors. 1<sup>st</sup> Avenue is a natural pedestrian corridor with a higher concentration of housing, while Broadway will retain a vehicular orientation and be dominated by commercial uses. Broadway in the Urban Village District is also the southern gateway into downtown – design guidelines should address signage and other aesthetic gateway issues.
- Designation of several commercial nodes along the 1<sup>st</sup> Avenue SW corridor (i.e. corners of 3<sup>rd</sup>, 4<sup>th</sup> and 6<sup>th</sup> Streets). We do not anticipate that commercial development can be sustained along the full length of the 1<sup>st</sup> Avenue corridor.
- Recognition of the pedestrian nature of the area and a relaxation of parking ratios for commercial uses along 1<sup>st</sup> Avenue. We suggest that adequate parking will be provided by converting parallel parking along 1<sup>st</sup> Avenue to angle parking, plus an additional parking structure in the southern end of the district if necessary.

**PF 4. Process Incentives for Desirable Uses:** Many downtowns offer streamlined or expedited permitting processes to advance desirable types of uses. A cumbersome development review process can add time and cost, discouraging new investment. We suggest that the City explore options to streamline and/or expedite the development review process for downtown projects that add restaurants, unique retail, entertainment and/or housing.

**PF 5. Downtown Historic District:** Unlike many central business districts, Downtown Rochester has few remaining historic buildings. In other cities, historic buildings have become an economic asset, adaptable to the specialty retail, restaurant, entertainment and housing uses that are now proposed for Rochester.

The last remaining significant assemblage of historic buildings is located in the northern portion of the proposed Urban Village District, encompassing 1<sup>st</sup> Avenue SW between 2<sup>nd</sup> and 3<sup>rd</sup> Streets and Broadway between 3<sup>rd</sup> and 4<sup>th</sup> Streets. The area also includes the historic Depot property on 4<sup>th</sup> Street east of the Zumbro River.

This area should be considered for formal designation as an historic district that would restrict demolition and create design criteria, but also offer several incentives, including tax credits, marketing value and façade improvement loans from the City. A formal historic district could help strengthen the overall appeal and image of downtown and is consistent with the use mix proposed for the Urban Village District.

**PF 6. Civic Facility Preference Policy for Downtown:** The Civic/Cultural District, which includes government offices and regional cultural venues, is a major activity anchor for downtown. As with any anchor, a long term commitment will boost confidence and stabilize the business climate. We recommend that the City of Rochester and Olmsted County governments both adopt policies that create a “Downtown First” preference for future new civic facilities. While not obligated to consolidate all activities in downtown, the policy would require these agencies to evaluate downtown first for all new facility needs. It would also be a prudent policy for all Rochester area taxpayers – creating cost efficiencies and maximizing the use of existing infrastructure.

## **Parking Management**

From stakeholder interviews and the results of the community attitudes survey, it became apparent that parking is a critical downtown issue. Respondents to the community attitudes survey indicated that limited and/or costly parking discourages downtown visitation, and several major employers are concerned with an apparent lack of employee parking that could constrain the growth of their businesses. These concerns were rooted in both perception and reality.

To better understand the dynamics of downtown Rochester’s parking system, the national parking management firm of Carl Walker was added to the Market-Based Plan team. In a limited parking system assessment that was undertaken in June 2004, Carl Walker was asked to evaluate the following downtown Rochester parking issues:

- Marketing and visibility of parking structures and other public parking resources;
- Ability of the existing parking system to meet the needs of employee, visitor and customer markets;
- The impact of Mayo Clinic employee’s usage of the municipal system.

Overall, Carl Walker found that downtown Rochester’s parking positives outweigh its negatives – “Rochester has a well-organized and well-operated public parking system”. Furthermore, Carl Walker’s initial impression is that Rochester has an adequate parking supply with the exception of peak usage times coinciding with events at the Mayo Events Center. However, the system could improve both marketing and management practices to increase the utilization of existing parking resources.

In its report, Carl Walker outlines 33 recommendations for improving the downtown Rochester parking system. 15 of these recommendations are cited as “primary recommendations”, many of which are consistent with and can be inclusive in overall recommendation of the Market-Based Plan.

Primary recommendations that are inclusive within other Market-Based Plan recommendations include:

- **Parking Lot Branding & Signage:** Design a consistent parking ramp and lot signage plan that will unify the system. Launch a new identify campaign for the downtown parking system. Ramp signage should be coordinated with an overall downtown wayfinding plan (see recommendation **DE 4.**)
- **Increase Parking Marketing Budget:** Carl Walker recommends that the city increase annual parking marketing funding to \$32,000 per year. We further recommend that these resources be blended, leveraged and managed through the proposed new Downtown Rochester Alliance (see next section).
- **Modify Parking Zoning in the Urban Village:** (see recommendation **PF 3.**)
- **Explore Joint Development with Mayo:** (see recommendation **ED 3.**)

“Stand-alone” or unique parking management recommendations include:

**PM 1. Simplify the Parking Validation Program:** Consider changing the validation program to a “First Hour Free” system.

**PM 2. Perform Parking Utilization Analyses:** Parking utilization analyses should be performed for all ramps on a quarterly basis and for special events. If utilization studies suggest a parking supply problem, proceed with a comprehensive downtown parking supply/demand study as part of an ongoing parking planning process and to settle the community debate over current parking adequacy.

**PM 3. Expand Special Event Parking Supply:** Explore the feasibility of providing additional parking for the Mayo Civic Center to better accommodate special event parking.

**PM 4. Continue upgrades to parking access and revenue control systems.**

**PM 5. Renovate the 2<sup>nd</sup> Street Ramp:** Walker supports city plans to upgrade the 2<sup>nd</sup> Street ramp, including new lighting, elevator, entry canopy and a dedicated parker exist ramp. The exit ramp may create traffic flow to justify the traffic signal suggested for pedestrian purposes in recommendation **DE 3.**)

Additional primary recommendations from Carl Walker include:

- Update the parking system vision and mission to be consistent with the Market-Based Downtown Plan;
- Create and promote new customer service and parking amenity programs;
- Consider raising the price of on-street parking to be higher than ramp parking;
- Install “countdown crossing signals” at key downtown intersections (see recommendation **DE 3.**)

## **Marketing & Management**

In Rochester, there are several existing organizations that currently work to promote downtown businesses and attractions. These include:

- The Downtown Business Association (DBA), a membership organization that manages several retail promotions and special events. The annual operating budget of the DBA is about \$15,000.
- The Rochester Chamber of Commerce and the Rochester Convention and Visitors Bureau serve downtown member businesses within the context of broad regional economic development, marketing and tourism promotion mandates.

Despite the best intentions of these groups, Rochester lacks a well-capitalized self-sustaining public/private organization that is solely focused on marketing, managing and championing downtown. Such a “downtown management organization” is common in vital cities – more than 1,000 exist in the United States and Canada. These groups make their downtowns and their regions more competitive by actively engaging the downtown business leadership to invest in a myriad of improvements and services. The following chart illustrates how downtown Rochester’s management structure compares to similar mid-west markets.

<b>Downtown Market</b>	<b>Annual Budget</b>	<b>Primary Improvements &amp; Services</b>
Rochester, MN	\$ 15,000	Retail promotions and events
Green Bay, WI	\$ 290,000	Economic development, marketing, urban design, parking management
Duluth, MN	\$ 370,000	Clean & safe services, marketing, beautification
Fargo, ND	\$ 440,000	Capital improvements, maintenance, winter decorations, lighting
Cedar Rapids, IA	\$ 750,000	Maintenance, streetscape, planning, management
Lincoln, NE	\$ 1,500,000	Maintenance, parking management, economic development, communications & advocacy
Des Moines, IA	\$ 2,700,000	Clean and safe services, beautification, events

**MM 1. Downtown Rochester Alliance:** To organize and unify downtown’s private property owners and businesses, we recommend the creation of a new downtown management organization – a private/public partnership that is charged with marketing and championing downtown. The Downtown Rochester Alliance is envisioned to have an annual budget of \$350,000 to \$500,000 and a staff consisting of an executive director, two program managers and an administrative assistant. Primary programs and services provided by the Alliance include:

- **Destination Marketing:** The Alliance will develop and implement a sophisticated destination marketing and “branding” campaign aimed to position downtown as a consumer destination. Primary markets for this effort include the 26,000 residents in adjoining neighborhoods, 30,000 downtown employees and thousands of visitors attracted by the Mayo Clinic, convention center and other attractions. Destination marketing activities and products will include, but not be limited to:

- Creation and dissemination of a downtown branding strategy to that builds upon existing strengths and relates to downtown's overall niche strategy. The downtown "brand" will provide a distinct identity for the central business district. The branding strategy should also be incorporated in the design of the proposed wayfinding and signage system.
  - Downtown map and directory, to be distributed to employees, residents and visitors.
  - Coordination of cross-marketing initiatives to position and package downtown as a destination composed of a variety of shops, restaurants and cultural venues.
  - Validation program and other parking marketing.
  - Development and maintenance of a downtown Rochester website.
- **Business Support and Housing Marketing Initiatives:** The Alliance will manage ongoing programs aimed to create new unique businesses and develop new housing units in downtown. These initiatives are described in prior recommendations found on pages 8 and 9.
  - **Special Events:** The Alliance will produce a series of special events throughout the year intended to enliven downtown, engage employees and visitors and attract residents to downtown. Event options include music and food festivals, seasonal celebrations, arts festival, crafts market, health fairs, etc. Before developing an ambitious events calendar, we suggest that the Alliance develop criteria for evaluating potential events. Criteria could include:
    - Revenue generation
    - Compatibility with downtown niche and image
    - Appeal to primary markets (i.e. residents, employees, visitors)
    - Ability to complement/assist downtown retail, restaurants, etc.
    - Logistical feasibility
  - **Arts and Cultural Coordination:** Within the Alliance, we recommend that a Downtown Arts Council be formed composed of representatives from the variety of cultural organizations and venues located in downtown. The Arts Council would collaborate on scheduling and joint marketing to promote the variety of arts offerings found in the central business district. The Arts Council could also explore collaborative ventures to promote all of the participating groups through the production of special events, arts calendar and/or web page in the Alliance web site.
  - **Advocacy and Communications:** Perhaps most importantly, the Alliance will provide a unified voice and strengthen the influence of the downtown business community. The Alliance executive director will represent downtown in a variety of civic forums. Communications will include an Alliance newsletter, email network and annual satisfaction surveys to stay in touch with the downtown constituency. Committees can be formed to develop creative input into programming and determine positions on civic issues. Suggested Alliance committees include:
    - ***Downtown Plan*** to advance the implementation of the market-based plan;
    - ***Destination Marketing*** to provide creative input into consumer marketing;
    - ***Economic Development*** to guide business support and housing initiatives;
    - ***Special events*** to design events and recruit volunteers.
    - ***Arts Council*** to coordinate marketing by groups and venues.



**Downtown Alliance Budget & Sources of Funds:** An annual operating budget of \$350,000 to \$500,000 is recommended for the Downtown Alliance to be allocated generally as follows:

Activity	Appx % of budget
Advocacy & Management	20% to 30%
Destination Marketing, Special Events & Communications	30% to 40%
Business Support & Housing Marketing	30% to 40%
Contingency	5%

**MM 2. Special Services District (SSD):** As described on page 10 of these recommendations, a downtown SSD is proposed to provide at least half of the funding for a new downtown management organization. Common in other downtown markets, an SSD creates a tax assessment on commercial property that supports a variety of improvements and services. Suggested parameters for a downtown Rochester SSD include:

Boundary	Contiguous with the study area of the Market-Based Downtown Plan, including the Downtown Core, Civic/Cultural and Urban Village Districts. Exclude the Mayo Medical District.
Improvements & Activities	Support Downtown Alliance programming, including destination marketing, business support, housing marketing, special events and arts coordination. May also be a source of revenue to maintain new capital improvements and install public art.
Budget	\$300,000 to \$450,000
Sources of Funds	\$150,000 to \$250,000 from assessments on commercial property; \$75,000 to \$100,000 contribution each from City and Mayo Clinic; Additional contributions from exempt properties.
Governance	SSD will have its own board of directors composed of property and business owners representative of each geographic sub-district and a variety of use types. Mayo and the City will also be represented.
Program Management	SSD will contract with the Downtown Alliance, an independent 501(c)6 non-profit organization. The Alliance may be housed at the Chamber to share administration and resources.

According to Minnesota statute, a petition with signatures from property owners representing 25% of both land area and net tax capacity is required to initiate formation of an SSD. After receiving the petition, the Rochester City Council can form the district through a public hearing process.

**MM 3. Event sponsorships and earned income:** It is anticipated that the Alliance can also raise revenue through sponsorships and earned income at special events.

**MM 4. 501(c)3 Arts Foundation:** We suggest that a non-profit Arts Foundation be formed as a subsidiary of the Alliance. The Arts Foundation could be useful to secure foundation grants and charitable contributions for an ambitious public art program.

## IV. Sequencing Timetable

### Implementation Steps Recommended for Next 12 Months

Step	Actions	Lead Agency/ Estimated Cost
<b>Downtown Environment</b>		
DE 1. Rochester "Town Square" at 1 <sup>st</sup> Street	Complete design and development planning.	City, adjacent property owners (\$\$)
DE 4. Wayfinding/Directional Signage System	Complete design of system, including downtown "brand identity"	City, Mayo, Alliance, Parking Mgt (\$\$)
DE 6 Avenue of the Arts	Convene arts groups, initiate design	City, Alliance (\$)
<b>Economic Development</b>		
ED 1. Housing Market Initiatives	Identify sites and attract developers to encourage downtown housing.	City (staff time, may involve incentives)
ED 2. Galleria Revitalization	Work with receiver/owner to support reinvestment, tenanting	City (unknown)
<b>Public Finance &amp; Regulatory Climate</b>		
PF 1. Create Tax Abatement District	Form district by Fall 2004	City (no cost to form, will generate \$\$\$\$\$)
PF 2. Create SSD	Business plan Fall of 2004; Petition & formation Spring of 2005.	City, Mayo, Alliance Formation costs: \$+ Will generate: \$\$\$
PF 3. Create Urban Village Overlay	Create overlay to accommodate mixed-use development.	City (staff time)
PF 6. Civic Facility Preference Policy for Downtown	Policy to grow city/county downtown.	City, County (no cost)
<b>Parking Management</b>		
PM 1. "First Hour Free" validation program	Evaluate feasibility of simplifying and changing parking validation program.	City Parking Mgt (\$)
<b>Marketing &amp; Management</b>		
MM 1. Create the Downtown Alliance.	Create Alliance, form committees, support creation of the SSD, secure seed funding, hire executive director	City, Mayo, Alliance (costs can be incorporated into SSD formation)

#### Estimated Costs

\$	Less than \$25,000
\$\$	\$25,000 to \$100,000
\$\$\$	\$100,000 to \$250,000
\$\$\$\$	\$250,000 to \$1,000,000
\$\$\$\$\$	More than \$1,000,000

## Implementation Steps Recommended for 12 Months to Three Years

Step	Actions	Lead Agency/ Estimated Cost
<b>Downtown Environment</b>		
DE 1. Rochester "Town Square" at 1 <sup>st</sup> Street	Construct and program Town Square.	City, Mayo, adjacent property owners, Alliance (\$\$\$\$\$)
DE 2. Pedestrian Corridors	Evaluate and identify options to improve corridors.	City, Alliance (\$\$)
DE 3. Broadway Street Crossings	Improve 2 <sup>nd</sup> Street and add signal at 3 <sup>rd</sup> Street	City, Alliance (\$\$\$)
DE 4. Wayfinding/Directional Signage System	Install complete system, including vehicle, parking & pedestrian signs	City, Mayo, Alliance, Parking Mgt (\$\$\$ to \$\$\$\$)
DE 6 Avenue of the Arts	Convene arts groups, initiate design	City, Alliance (\$\$ to \$\$\$)
DE 7 Public Art	Install banners, upgrade streetscape, activate library entrance Create annual public art event and commission for downtown.	Alliance (\$)
<b>Economic Development</b>		
ED 1. Housing Market Initiatives	Continue program to encourage downtown housing.	Alliance, City (\$\$)
ED 2. Galleria Revitalization	Work with owner to support reinvestment, tenanting	City (unknown)
ED 3. Mayo Joint Development Opportunities	Identify formal joint development opportunities.	Mayo, City (unknown)
ED 4. Business Support	Launch services to support small businesses in downtown.	Alliance (\$\$)
<b>Public Finance &amp; Regulatory Climate</b>		
PF 4. Process Incentives	Provide reliable and efficient development review processing	City (staff time)
<b>Parking Management</b>		
PM 2 to PM 5 – System improvements	Improve parking system management and efficiency.	City Parking Mgt. (to be determined)
<b>Marketing &amp; Management</b>		
MM 1. Manage the Downtown Alliance.	Manage committees and staff. Initiate programs.	City, Mayo, Alliance (\$\$\$\$)
MM 2. Special Events	Produce special events to attract consumer markets.	Alliance (\$\$)
MM 3. Create 501(c)3 Arts Foundation	Create foundation, raise funds for public art program	Alliance (no cost to \$)

### Estimated Costs

\$	Less than \$25,000
\$	\$25,000 to \$100,000
\$	\$100,000 to \$250,000
\$	\$250,000 to \$1,000,000
\$	More than \$1,000,000

## **Implementation Steps Recommended Beyond Three Years**

<b>Step</b>	<b>Actions</b>	<b>Lead Agency/ Estimated Cost</b>
<b>Downtown Environment</b>		
DE 1. Urban Village and Civic /Cultural Focal Points	Design & construct focal points.	City, Alliance (\$\$\$\$)
DE 2. Pedestrian Corridors	Continue to improve corridors.	City, Alliance (\$\$\$)
DE 5. Encourage employees to stay downtown.	Coordinate marketing and transit alternatives.	Alliance (\$)
DE 6 Avenue of the Arts	Install banners, upgrade streetscape.	City, Alliance (\$\$)
DE 7 Public Art	Conduct annual public art event and commission for downtown.	Alliance (\$)
DE 8 Skywalk Completion & Upgrades	Monitor opportunities to upgrade and complete system.	City (unknown)
DE 9. Neighborhood Connections	Establish definitive planning boundaries.	City, Alliance (staff time)
<b>Economic Development</b>		
ED 1. Housing Market Initiatives	Attract developers and encourage downtown housing.	Alliance (\$\$)
ED 3. Mayo Joint Development Opportunities	Identify formal joint development opportunities.	Mayo, City (unknown)
ED 4. Business Support	Provide services to support small businesses in downtown.	Alliance (\$\$)
<b>Public Finance &amp; Regulatory Climate</b>		
PF 5. Downtown Historic District	Evaluate pros, cons, feasibility for downtown historic district.	City, Alliance (staff time)
<b>Marketing &amp; Management</b>		
MM 1. Downtown Alliance.	Manage committees, staff, programs.	City, Mayo, Alliance (\$\$\$\$)
MM 2. Special Events	Produce special events to attract consumer markets.	Alliance (\$\$)
MM 3. Arts Foundation	Create foundation, raise funds for public art program	Alliance (no cost)

### **Estimated Costs**

<b>\$</b>	Less than \$25,000
<b>\$</b>	\$25,000 to \$100,000
<b>\$</b>	\$100,000 to \$250,000
<b>\$</b>	\$250,000 to \$1,000,000
<b>\$</b>	More than \$1,000,000